

Concerns regarding : Notice of Proposed Rulemaking

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Problem 1: Prospects would have to wait seven days after receiving disclosures before they could register.

Solution: Eliminate the waiting period, at least for opportunities like Quixtar where a prospect can get his money back if not satisfied. The prospects receive a "prospectus" so that they have in writing how the Quixtar business works.

Problem: The requirement to give every prospect a list of "references" – the names, addresses, and phone numbers of 10 other IBOs in the area – seven days before the prospect registers would infringe on the privacy of every IBO whose name, address, and phone number was provided to prospects. It would also penalize the sponsor, who would be required to give his prospect contact information for 10 other IBOs, any of whom might be happy to register the prospect themselves.

Solution: Eliminate the requirement to provide 10 references.

Problem 3: Giving every prospect a list of all lawsuits, arbitrations, and other legal claims for the past 10 years involving Quixtar and its IBOs where the plaintiff alleged fraud, misrepresentation, or unfair trade practices – regardless of whether or not the accusation was true. Among other problems, this requirement would open up Quixtar and other legitimate companies to false accusations. Meanwhile, dishonest companies would simply ignore the rule.

Solution:

Eliminate the requirement to disclose past litigation.

Problem 4:

Making a different disclosure for every income claim. This would include any examples I might use during an opportunity presentation to illustrate how the Plan works.

Solution:

If disclosures are needed, require a simple, standard, easily understood disclosure such as "average monthly gross income for 'active' IBOs."

Problem 5:

Requiring provision to prospects personal financial documents to back up ("substantiate") any income claim.

Solution:

IBOs should possess substantiation for any claim but should not be required to disclose it except when required by the FTC and similar state agencies in an agency investigation.

I believe that providing every prospect with important information about prior experiences is good for Quixtar and the entire direct selling industry. However, there are less burdensome ways to accomplish that goal than the manner set forth in the proposed FTC rule.

I have been an IBO for 18 years and feel that my husband and I have provided many people with the opportunity to have additional income as well as develop their people skills, and gain knowledge about managing a business.